



Annual Report

2017-18



A home for everyone



BOARD'S REPORT

To,
The Members
Manappuram Home Finance Limited

Your Directors are pleased to present the 8th Annual Report on the working of the Company with the Audited Accounts and the Report of the Auditors for the financial year ended March 31, 2018.

1. Financial Results at a glance

Description	2017-18	2016-17
Total Revenue	53,52,73,826	36,83,64,946
Profit / (Loss) Before Tax	(1,07,98,196)	(70,27,007)
Provision for Taxes/Deferred tax	(27,44,770)	36,75,070
Net Profit / (Loss)	(80,53,426)	(107,02,077)
Profit / (Loss) b/f from previous years	(1,07,02,077)	(563,12,894)
Amount available for appropriations	(7,50,68,397)	(670,14,971)
Less: Transfer to Special Reserve (Under section 29C of the NHB Act, 1987)	0	0
Less: Proposed dividend tax	0	0
Balance carried forward to next year	(7,50,68,397)	(670,14,971)

During the year under review, Company has achieved AUM of Rs 374.66 Crores by the end of FY 2017-18 spreads over 35 branches. The total revenue stands to Rs. 53.52 Crores includes income from other sources comes to Rs.0.37 Crores which is in the form of dividend from mutual Fund. Net Owned Fund (NOF) stood at Rs 91.31 Crores as on 31st March 2018.

Outlook for 2018-19

The coming year will see consolidation in the real estate sector as larger players will peak in strength and smaller ones will be eroded or will align with the established ones. Owing to stringent RERA norms, only credible developers who conduct their business with transparency will survive in the future and will be able to navigate the roadmap. This is good from a buyer's perspective as one is assured of quality product within stipulated timelines.

In case "buying a house" features in your New Year resolutions, the current environment presents a very good opportunity to take the plunge as attractive offers are available and interest rates are at

their lowest levels. We certainly hope these factors lead to more fence-sitters spring into action in 2018.

2. Dividend

Directors do not recommend any dividend for the year under consideration.

3. Raising of Additional Capital

No additional capital raised by the Company during the year 2017-18. The Authorised and paid up share capital stood at Rs.100,00,00,000/- as on 31st March 2018.

4. Reserves

During the year the company has incurred a loss of around Rs.0.81Cr, hence has not transferred any amount to Special Reserve as per section 29C of the NHB Act, 1987.

5. Acceptance of Deposits

The company being a non-deposit taking Housing Finance Company (HFC) has not accepted public deposit during the year.

6. Compliance with Directions/Guidelines of National Housing Bank (NHB)

Company has adhered to the prudential guidelines issued by the National Housing Bank (NHB) under its Directions 2010, as amended from time to time.

Company has complied with the Guidelines and Directions issued by the NHB on Investments, Fair Practices Code and Customer Complaints Redressal Mechanism, Know Your Customer (KYC) and Anti Money Laundering Guidelines and other related aspects.

7. Compliance with the Secretarial Standards

The Company is in Compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India.

8. Directors

Retirement of Directors by Rotation

Mr. Gautam Saigal, Director of the company whose period of office is liable to be determination by retirement by rotation and offers himself for reappointment.

Appointment of Mr. Munish Dayal as director.

Mr. Munish Dayal (DIN No. 01683836), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 03rd November 2017, in terms of Section

161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.”

8. Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, Firm Registration Number-117366W, 12, Dr. Amn Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai -400018, shall continue to hold the office of statutory auditors till the 12th Annual General Meeting of the Company.

9. Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, the details forming part of the extract of the Annual Return, as provided under Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, are posted in the website of the Company www.manappuramhomefin.com.

10. Director & KMP changes

Mr. Jeevandas Narayan, has been appointed as the Managing Director of the Company via EGM dated 20th May 2017 with effect from 1st June 2017. Mr. Shailesh J Mehta resigned from the Board of the Company on 1st September 2017 and Mr. Munish Dayal has been appointed as the additional Director of the Company on the meeting of Board of Directors held on 3rd November 2017.

Mr. Alope Ghosal has been resigned from the position of CEO dated 08th June 2017 and Mr. Subhash Samant has been appointed as CEO of the Company with effect from 12th June 2017.

11. Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company as per Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

12. Corporate Governance

The Company is committed to achieving the highest standards of Corporate Governance and it aspires to benchmark itself with the best practices in this regard.

Board of Directors

The composition of the Board of Directors of the Company is governed by the relevant provisions of the Companies Act, 2013 and the Rules made there under. The Company's Board consists of Executive, Non Executive and Independent directors with expertise and experience in the field of

banking, finance, operations management, engineering, auditing and/or accounting. As on 31st March 2018, the Company's Board consisted of 6 Directors . Brief details on name of the Director, category, number of directorships, meeting and attendance etc are given below:-

Name of Director & DIN	Category of Directors	Total no of meetings	No. of Board Meetings Attended	Details of membership in Committees of the Board *		Number of Directorships in other Companies**	
				Chairman	Member	Chairman	Member
Mr. V. P Nandakumar Chairman DIN:00044512	Promoter & Non-Executive	7	7		4	1	12
Mr. Munish Dayal DIN:01683836	Non Independent & Non Executive	3	3		9		13
Mr. Gautam Saigal DIN:00640229	Non Independent & Non Executive	7	7	1	2		3
Dr Sumitha Jayasankar DIN:03625120	Non Executive	7	7		NIL		2
Mr. T.Balakrishnan DIN:00052922	Independent Non-Executive	7	5	1	4	1	4
Mr Jeevandas Narayan	Executive Director-MD	7	7		-		-
Mr. Shailesh J Mehta (DIN:01633893)	Independent Non-Executive (Resigned w.e.f. 1 st Sep 2017)	3	3	1	4		8

b). Number of meetings of the Board

During the year ended 31st March 2017, Board met Seven times as noted below:-

20 th May 2017	03 rd November 2017
20 th June 2017	07 th February 2018
09 th August 2017	16 th March 2018
1 st September 2017	

c) Disclosure on Composition of Audit Committee

The Company has constituted an Audit Committee in accordance with Section 177 of the Companies Act, 2013. Presently the Committee is Chaired by Mr. Gautam Saigal (Non Executive Director) & Mr. Munish Dayal (Non Executive Non Independent) and Mr.T.Balakrishnan (Non Executive & Independent), as Members. The Audit Committee acts in accordance with the Terms of Reference as approved by the Board and as per the Policy on Internal Guidelines on corporate Governance.

Audit Committee has met four times during FY-2017-18 and all the recommendations made by the Committee to the Board were duly accepted. Details of the meeting along with the attendance of the members are as follows:-

Name of Directors	AUDIT COMMITTEE DATES			
	20 th May 2017	09 th August 2017	03 rd November 2018	07 th February 2018
Shailesh J Mehta, Past Chairman	✓	✓	Resigned	-
Gautam Saigal—Present Chairman	✓	✓	✓	✓
T.Balakrishnan-Member	Absent	✓	✓	✓
Mr. Munish Dayal - Member			✓	✓

The brief description of the scope of the Audit Committee Charter are as follows:-

- The recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
- Examination of the financial statements and the Auditor's report thereon;
- Review and evaluation of the effectiveness and adequacy of the internal financial control and risk management systems of the Company
- Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- Reviewing the scope and plans of statutory, internal, and systems audits, and discussing the main audit findings and comments with the Management and auditors to focus on any significant area of concern and to ensure expeditious rectification of short comings, if any, noticed;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary

d) Disclosure on Composition of Nomination Compensation and Corporate Governance Committee

The Company has constituted NCCGC in accordance with Section 178 of the Companies Act, 2013. Presently the Committee is Chaired by Mr. T. Balakrishnan –Independent Director & Mr V.P. Nandakumar -Non executive Director & Mr. Munish Dayal –Non-Executive Director as members. The NCCG Committee acts in accordance with the Terms of Reference made by the Board and as per the Policy on Internal Guidelines on corporate Governance.

NCCGC has met Two Times during FY-2017-18. Details of the meeting attended by the members are as under:-

Members	NOMINATION COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE DATES	
	28 th April 2017	03 rd November 2017
T. Balakrishnan, Chairman	✓	✓
V.P. Nandakumar	✓	✓
Mr. Munish Dayal		✓ -

The brief description of the scope of the Committee are as follows:-

- Identifying persons who are qualified to become Directors and those who may be appointed in senior management;
- Undertaking the process of due diligence to determine the suitability of Directors based upon qualification, track record, integrity and other fit and proper criteria and recommending the Director's appointment and continuation as a Director
- Formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Ensuring that such persons meet the relevant criteria prescribed under applicable laws;
- Reviewing the said criteria annually
- Fixing / re-fixing the remuneration of the Executive Directors (Whole -time Directors) of the Company; and
- Approving the remuneration / any change therein of the managerial personnel of the Company when there are no profits / inadequate profits / negative effective capital as per Schedule V to the Companies Act, 2013.

e) Asset Liability Management Committee

The Company has constituted an Asset Liability Management Committee (ALCO). The Committee, functions under the supervision of the Board and within the regulatory framework.

The Committee will, *inter-alia*, specifically oversee the following:

- Compliance with NHB Directions/Guidelines for Asset Liability Management
- Debt Composition and plan of the Company for fund raising
- Tenor of the Liabilities.

The objective of this policy is to create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of MAHOFIN to :

- Ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-14 and 15-31 days bucket, which would indicate the structural liquidity.
- The extent and nature of cumulative mismatch in different buckets indicative of short term dynamic liquidity and
- The residual maturity pattern of re pricing of assets and liabilities which would show the likely impact of movement of interest rate in either direction on profitability.

ALCO has met four Times during FY-2017-18. Details of the meeting attended by the members are as under:-

Members	ALCO Committee dates			
	20 th June 2017	20 th September 2017	19 th December 2017	16 th March 2018
Mr.V.P.Nandakumar	✓	✓	✓	✓
Mr.Subhash Samant	✓	✓	✓	✓
Mr.Jeevandas Narayan	✓	✓	✓	✓
Mr.Vipul Patel	✓	✓	✓	✓

f) Risk Management Committee

The Company has constituted risk management Committee to review the Risk Management Policy, document and improve risk management practices, ensure appropriate / adequate reporting to the Board, review the functioning of the Risk Management Department and any other matter as the Committee may deem fit. The Committee is involved in the process of identification, measurement, monitoring and mitigation of the various risks faced by the Company. The Committee meets periodically and reports to the top Management and Board. Committee shall function as per the

charter of Risk Management Committee. Member representing risk department has made quarterly presentation on the Risk management.

Composition of Committee:

Name of the Member	Position	Category
Mr.Gautam Saigal	Chairman	Non-Executive Director
Mr.T.Balakrishnan	Member	Independent Director
Mr.Munish Dayal	Member	Non-Executive Director
Head Risk-Management Department		

The broad responsibilities of the Risk Management Department are:

- Implementing the Risk Management Policy as approved by the Board of Directors. Reviewing the provisions of the policy periodically and recommending to the Board of Directors appropriate modifications or improvements if required.
- Provide a methodology to identify, quantify and analyze the company's exposure to loss arising out of probable uncertain event.
- Instilling a culture of risk awareness across the length and breadth of the organization.
- To develop and update a complete system for recording, monitoring, and communicating the organization's risk exposure/issues to Top Management and Board/Committee of Board.
- Designing or assist in the designing of work processes or activities having risk implications, getting them approved, assisting in implementation of the processes and engaging in periodical review of the effectiveness of such processes.
- Development of 'models' for assessment of loss in projected circumstances. Limiting unfavorable outcome by containing risks and suggesting mitigation therefore.

Risk Committee has met two times during FY-2017-18.Details of the meeting attended by the members are as under:-

Members	RISK COMMITTEE DATES	
	20 th May 2017	16 th March 2018
Mr.Gautam Saigal	✓	✓
Mr.T.Balakrishnan	Absent	✓
Mr.Shailesh J Mehta	✓	Resigned
Mr.Munish Dayal		✓ -

g) Investment Committee

The Company has also constituted Investment Committee to consider safety, liquidity, credit risk, Interest Rate Risk and yield of the investment while making investments . The Investment Committee shall function as per the Investment Credit Committee Charter . Committee consisting of the following members:

Name of the Member	Position	Category
Mr. V.P. Nandakumar	Chairman	Chairman
Mr. Subhash Samant	CEO	Member
Mr. Vipul Patel	Chief Financial Officer	Member

The investment portfolio will be managed by the Chief Financial Officer, who will strive to invest with the judgment and care that prudent individuals would exercise in the execution of their own affairs, to maintain the safety of principal, maintain liquidity to meet cash flow needs and to provide competitive investment returns for MAHOFIN.

h) Management Committee

The Company has constituted the management Committee for assisting the Board in the day to day operations and for the smooth functioning of the company on 29th October 2014. A committee of the Board and CEO is to be constituted and shall be responsible for overseeing and dealing with operational matters from time to time. The committee shall meet as and when it becomes necessary to consider the urgent matters coming up between two board meetings.

Composition of Committee:

Name of the Member	Position	Category
Mr. V.P. Nandakumar	Chairman	Member
Mr. Jeevandas Narayan	Non-Executive Director	Member
Mr. Gautam Saigal	Non-Executive Director	Member

A summary of the business transacted by the committee as initialed by the Company Secretary shall be presented to the succeeding board meeting for the purpose of noting and recording.

14. Policy on Board Composition, Compensation & Evaluation Criteria & Related Disclosure

The Board of Directors has adopted a policy on directors appointment and remuneration for directors, KMP and other employees including criteria for determining qualification, positive attributes, and independence of directors as laid down by the nomination and remuneration committee of the board which is attached to this report as **Annexure I**. The Board has also adopted some criteria for evaluating its own performance and of its committees and individual directors viz as Structure & Composition, extent of fulfilment of duties & key responsibilities Board process, information & functioning, effectiveness of meeting, relationship with Board & management, attendance, Professional Conduct, Duties, Role & functions, contribution to the Board, Committee & management.

15. During the year 2017-18, the Company has not provided/made any loan, guarantee as per section 186 of the Companies Act 2013. However Company has invested Rs 8 crores in top 10 mutual funds.

16. During the year 2017-18, Auditors has not reported any fraud neither to the Central Government, nor to the Audit Committee constituted under section 177 of Companies Act 2013.

17. Pursuant to section 35b(ii) of the Companies (Amendment) Bill 2016, Company has been made Annual evaluation of the performance of the Board ,its Committees and of individual directors.

18. **PARTICULARS OF CONTRACTORS AND ARRANGEMENT WITH RELATED PARTIES**

During the Year, the Company did not enter into any materially significant transactions with related parties, ie., its Promoters, Directors, Key Managerial Personnel and their relatives, conflicting with the Company's interests as laid down under section 188(1) of the Companies Act 2013.

Approval of Audit Committee is obtained by the Company before entering into any related party transaction as per the applicable provisions of Companies Act ,2013.

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were on an arm's length basis. **Form AOC-2** ,as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts)Rules 2014,is annexed as part of Board Report.(Annexure-I)

Further, as mandated under the Directions issued by the National Housing Bank vide Notification No.NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09th February 2017, the Company has formulated a Policy on Related Party Transactions and the Policy is Annexed as part of this Boards Report.(Annexure – III) .The same has also been hosted on the Company's Website.

19. **Material Changes**

There were no material changes and commitments affecting the financial position of the Company, occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

20. **Credit Rating & migration of rating**

CARE, CRISIL & BRICKWORKS has assigned AA-, A+ & A- rating for Bank borrowings respectively and CRISIL has also assigned A1+ for commercial paper.

21. **Conservation of energy, & Technology absorption**

Since the Company is not engaged in any manufacturing activity and its operations are not energy intensive, the disclosure relating to conservation of energy and technology absorption as stipulated

under Section 134(3)(m) read with Rule 8 of the Companies (Accounts) Rules, 2014 is not applicable to the Company.

The Company actively pursues a culture of technology adoption, leveraging on the advancements in technology to serve customers better, manage process more efficiently and economically and strengthen control systems.

22. Foreign exchange earnings and outgo

During the year 2017-18, there were no foreign exchange earnings and outgo.

23. During the year 2017-18, the Company has not paid any Remuneration to the Directors except the sitting fee for attending the Board & Committee meetings.

24. During the year 2017-18, Company has not entered on any pecuniary relationship or transactions with the non executive directors of the Company

25. STATEMENT ON RISK MANAGEMENT POLICY

The Company has a Board approved Risk Management Policy wherein all material risks faces by the Company viz. Credit Risk, Operational Risk, Regulatory Risk, Price and Interest rate Risk are identified and assessed. Risk Management Department headed and managed by competent professionals for identification, assessment and managing/mitigating risk related issues across the organization. For each of the Risks identified in the process, corresponding controls are assessed and policies and procedure are put in place for monitoring, mitigating and reporting risk on a periodic basis.

The Company has constituted the risk management Committee on its Board meeting 11/02/2016. Head Risk will be a permanent invitee of the Risk Management Committee. Company Secretary shall be Secretary of the RMC.

26. Disclosure under Sexual Harassment of Women at workplace (POSH Act 2013)

The Company has in place a Policy in line with the requirements of the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) as been set up to redress complaints, as and when received regarding Sexual Harassment and all employees are covered under this policy. The policy has been posted on the Company's website. There were no Sexual harassment cases filed During the year 2017-18.

27. Whistle Blower Policy

The Company has adopted a whistle Blower policy and established the necessary vigil mechanism for Directors and employees to report genuine concerns about un-ethical behavior, pursuant to the

provision of section 177(9) and (10) of the Companies Act, 2013. The mechanism provides for adequate safeguards against victimisation of persons who use such mechanism and makes provision for direct access to the designated Member of the Audit Committee in appropriate or exceptional cases. It is hereby affirmed that no personnel of the Company has been denied access to the Audit Committee. There were no complaints from the employees during the year 2017-18.

The whistle Blower policy has been hosted on the Company's Website.

28. Significant Material Orders

During the year under review, no significant and material orders were passed by the regulators courts or tribunals against the Company, impacting its going concern status or its future operations.

29. The Directors' Responsibility Statement

As required under clause (c) of sub-section (3) Section 134 of the Companies Act, 2013, the Board of Directors hereby declares that :-

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities .
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively .

30. Disclosure of contingent liabilities:-

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

10. Applicability of CSR provision under Sec 135

The provisions of sec 135 of the Companies Act 2013 pertaining to the Corporate Social Responsibility are not applicable to the Company.

32. Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Board's Report .**(Annexure-II)**

32. Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013 and the Rules there under, the Company has appointed M/s KSR & Co, Practicing Company Secretary firm, for conducting Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report for the Year, in Form MR-3 as prescribed under the Companies Act, 2013 is annexed to this Board's Report (Annexure III).

There is no qualification, observation or remark in the Secretarial Audit Report requiring explanation by the Board of Directors.

33. Acknowledgement

Your Directors acknowledge and place on record its sincere appreciation and gratitude to the employees of the company at all levels for their dedicated service and commitments, to the National Housing Bank , Governments and its statutory agencies for the support, guidance and co-operation, to the Investors, shareholders Bankers and other financial institutions and customers for the whole hearted support and confidence reposed on the company and the management and to the general public at large for their blessings and good wishes the company has been receiving in good measure over the years.

**For and on behalf of the Board of Directors of
Manappuram Home Finance Limited**

Sd/-

V.P.Nandakumar
Chairman

Place: Valapad
Date:16/05/2018

Annexure-1

Particulars Pursuant to clause (H) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules ,2014

Form for Disclosure of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act ,2013 including certain arms length transaction under third proviso thereto.

- Details of contracts or arrangements or transactions not at Arm's length basis.
All transactions entered into by the Company during the year with related parties were on an arm's length basis.
- Details of material contracts or arrangement or transactions at arm's length basis:
The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature. However the transaction details are as follows.

SL NO	Particulars	Details
a).	Names (s) of the related party & nature of relations	- MANAPPURAM FINANCE LIMITED (Holding Company) - MANAPPURAM COMPTech AND CONSULTANTS LIMITED
b)	Nature of Contracts/arrangements/transactions	- Term loan of Rs.24.50cr from MAFIL for the repayment of Term loan from SBI - Availing AUA Licence of MAFIL for E KYC verification. - Availing HRMS solution from Manappuram Comptech and consultants Pvt Ltd - Additional sharing of Premises of MAFIL Branches, IT services - Loan to MAFIL employees at a concessional rate of Interest. - Payment to Manappuram Finance Ltd in line with Service Level Agreement. - Referral Incentive given to MAILF employees
c)	Duration of the contracts/arrangements/transaction	Duration not specified can be terminated on mutual consent of both the parties.

		Term Loan availed from MAFIL has been closed
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Payment under SLA:Rs.854309/- Loan repayment to MAFIL:Rs.245000000/- Interest on loan paid to MAFIL:Rs.67123/-
e)	Date of approval by the Board	SLA lastly modified on 10/02/2018 Loan from MAFIL approved on:03/11/2017 ERP application & HRMS from MACOM approved on 20/05/2017 Availing SUB AUA license from MAFIL approved on 03/11/2017.
F)	Amount paid as advance ,if any	Nil

Annexure II

Manappuram Home Finance Limited **Management Discussion and Analysis Report**

I. Industry Structure and Developments

a. Macro-economic environment

The real estate sector is one of the most globally recognized sectors. In India, real estate is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. The real estate sector comprises four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

It is also expected that this sector will incur more non-resident Indian (NRI) investments in both the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

India's rank in the Global House Price Index has jumped 13 spots to reach the ninth position among 55 international markets, on the back of increasing prices in mainstream residential sector

The Indian real estate market is expected to touch US\$ 180 billion by 2020. Housing sector is expected to contribute around 11 per cent to India's GDP by 2020. In the period FY2008 -2020, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2 per cent. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

b. Demand for Affordable Housing Finance

India's housing finance market is worth an estimated Rs. 9.7 trillion and has achieved steady growth over the last 3 years. The market is dominated by a handful of banks, accounting for close to 70% of the market. However, the housing finance market continues to face considerable supply constraints, particularly in the lower income segment due to the perceived high risk of lending to the informal sector. A low-income household is classified as one with a monthly household income below INR 20,000 and price per dwelling unit below INR 10 lakhs. The lower-income housing market is worth over Rs. 1,10,000 crores, comprises of approximately 2.2 crore households and consists of both salaried and self-employed individuals. The housing finance market in India has the potential to expand and include these borrowers who are currently not being serviced by financial institutions. These are individuals in the lower income segment that generally do not have formal proofs of income, a challenge for larger Housing Finance Companies (HFCs). This has paved the way for new entrants in a niche segment within the housing finance market, the affordable housing sector.

The Affordable housing finance market can be segmented based on the target market it is catering to and the home loan size. The aggregate AUM of all AHFCs is estimated to be INR 20,000 -21,000 crore. Within this segment, large HFCs dominate the market, catering to borrowers in the formal sector who can able to produce documented proofs of income. Excluding DHFL, GRUH and Mahindra Rural Housing, who collectively account for more than 90% of the market share, all other AHFCs manage less than INR 500 crore of assets, individually. Semiformal and informal sectors remain largely under-served; this is especially true when the loan requirement falls below INR 7 lakhs. AHFCs rely on their ability to assess the clients' income, develop templates to understand the margins and cash flows of local businesses, and have a strong in-house process of credit and security verification.

c. Government measures to encourage Affordable Housing

The Government of India along with the governments of the respective states has taken several initiatives to encourage the development in the sector. The Smart City Project, where there is a plan to build 100 smart cities, is a prime opportunity for the real estate companies. Below are some of the other major Government Initiatives:

- In February 2018, creation of National Urban Housing Fund was approved with an outlay of Rs 60,000 crore (US\$ 9.27 billion).
- Under the Pradhan Mantri Awas Yojana (PMAY) Urban 1,427,486 houses have been sanctioned in 2017-18. In March 2018, construction of additional 3,21,567 affordable houses was sanctioned under the scheme.
- Under the Pradhan Mantri Awas Yojana (PMAY), Govt. of India has introduced the Middle-Income Group scheme viz (MIG I & II). The Scheme was initially valid for 1 year. Now, the scheme validity has been extended upto March 2019.

Also, NHB RESIDEX, India's first official housing price index, was an initiative of the National Housing Bank (NHB) undertaken at the behest of the Ministry of Finance, Government of India. The index was formulated under the guidance of a Technical Advisory Committee (TAC) comprising of stakeholders from the housing market. It was launched in July, 2007 and updated periodically till March 2015, taking 2007 as the base year. During this period, the coverage of NHB RESIDEX was expanded gradually to 26 cities.

Initially, NHB RESIDEX was computed using market data, which 2010 onwards, was shifted to valuation data received from banks and housing finance companies (HFCs). Thereafter, data was sourced from Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) from 2013 to 2015.

With a view to make the NHB RESIDEX more current and up-to-date with the prevailing macro-economic scenario, NHB undertook a review of the processes and methodology used for computation of the index along with the base year and segmentation used.

II. Opportunities & Threats

- III. **Strength:** Strong Capitalization, Parent Company Brand, experienced professionals, Digitalization
- IV. **Weakness:** Long term fund, Narrow profit margin, hiring best talent, operating cost, High Rate of Interest
- V. **Opportunities:** Increasing urbanisation, rising affordability, increased penetration in housing. Govt. of India has introduced scheme for Middle Income Group(MIG) III for State of Gujarat, wherein the business opportunities in the Gujarat has been increased.
- VI. **Threats:** Slowdown in economic and income contraction, High competition & new entrants, Maintaining desired asset quality, Real Estate Regulation Act & GST impact, Early transfer of the loan with another lender for lower interest rate.

Recent regulatory measures

Pradhan Mantri Awas Yojana (PMAY): A Credit Linked Subsidy Scheme (CLSS) is being implemented by the Government of India with effect from 17th June 2015, PMAY (U) mission guidelines have been amended from time to time with the intention to ensure that the benefits of the schemes reach to the vast segment of population especially to those coming from downtrodden society. The amendment have been broadly in two categories:

- 1) The definition of Beneficiary was broadened to include an adult earning member (irrespective of marital status) making him/her eligible to apply for PMAY(U) under CLSS for MIG scheme effective from 1st January 2017. Subsequently, this definition of "Beneficiary" was also made applicable to entire PMAY (U) scheme w.e.f. 27th June 2017.
- 2) The coverage area under PMAY(U) mission has been extended further vide ministry's letter dated 12th January 2018. In this amendment, in addition to all the "Statutory Towns" and Notified Planning/Development area under the jurisdiction of an Industrial Development Authority / Special Area Development Authority / Urban Development Authority of any such Authority under State Legislative which is entrusted with the functions of urban planning and regulations.

III. Segment wise or Product wise performance

Affordable Housing Finance Company (A-HFC) Industry Overview

Housing finance is a pre-requisite for meeting housing needs. Therefore, government policy must focus on creating a facilitative robust environment for housing.

Housing shortage in India can be classified into urban and rural housing. Both problems have their own dimensions. The urban housing shortage adds to about 20 million units – therefore, the target of Housing for All is a daunting number! The problem seems even more acute once we realise that the population pyramid depicts yawning shortage at the lower segments. Penetration levels of housing finance in India still remain quite low in global comparison. The growth rate of housing finance over the last 7 years or so results a CAGR of 18%; affordable housing finance, though a recent entrant, promises to have a much higher CAGR.

While the housing finance market in India is served by both banks and HFCs, but the percentage market share of HFCs is consistently growing. What is quite an interesting change over time is that the average rate of interest charged by banks, and by leading HFCs, have almost converged, leading to a conclusion that HFCs have attained a cost of capital comparable to banks.

An analysis of the weighted average interest rate charged by different HFCs reveals that the net interest margin (difference between cost of funds and weighted average lending rates) may range between 2.5% to 3%, considering the impact of higher yielding components of the portfolios including loans against properties.

The growth in business, in year 2016-17 was obviously impacted by macro factors including demonetisation. However, new entrants in housing finance business continued to spread both geographically as also in terms of customer profile.

IV. Outlook:

The Big Bang reforms implemented in 2017 have brought about a significant change in the tax, regulatory and business environment in India. Post demonetisation, the introduction of RERA and GST improved the transparency and accountability in the sector, thereby catching the attention of institutional investors who are now looking at Indian real estate with renewed vigour.

While we congratulate the government for these achievements, there are many more areas where reforms are eagerly awaited which will boost confidence amongst buyers. We look forward to legal reforms happening in the sector like the introduction of Title Insurance which will safeguard the interests of the buyers.

The coming year will see consolidation in the real estate sector as larger players will peak in strength and smaller ones will be eroded or will align with the established ones. Owing to stringent RERA norms, only credible developers who conduct their business with transparency will survive in the future and will be able to navigate the roadmap. This is good from a buyer's perspective as one is assured of quality product within stipulated timelines.

In case "buying a house" features in your New Year resolutions, the current environment presents a very good opportunity to take the plunge as attractive offers are available and interest rates are at their lowest levels. We certainly hope these factors lead to more fence-sitters spring into action in 2018.

As per syndicated reports, the potential employment opportunity in the real estate sector is expected to increase by more than 80 per cent by 2025. The share of the real estate sector in India's GDP is expected to double by 2025. Not only will this result in an increase in job opportunities, but it will also have a cascading effect on various ancillary industries which are dependent on the real estate industry.

Increasing urbanization and the expanding urban fabric of tier II and tier III cities in the country will be the prime drivers for the growth of real estate in the future.

V. Risk management/ Internal control systems and their adequacy:

The company has adopted risk management practices in its lending operation. Detailed credit and operational procedures are laid out in Board approved credit and operation policy and is reviewed periodically. Internal control system commensurate to the size of the organization and adequate.

VI. Discussion on financial performance with respect to operational performance

- **Target Areas / segment:**

As the company is positioned as an affordable home finance company, the target customer segments are the self-employed from the unorganised sector who are usually deprived of access to mainstream credit facilities from financial institutions. The Company has strengthened its presence in its area of operations with a keen emphasis on the unserved and under-served customer segments.

- **Region wise / geographic wise spread**

The company has a presence in 35 Indian locations across six states (Maharashtra, Gujarat, Tamil Nadu, Kerala, Karnataka, Andhra Pradesh). Considering the increasing urbanization of tier II and tier III cities, the company is also planning to cover nearby locations.

- **Average ticket size business**

The company offers two products – Home Loans and Loan Against Property. Average ticket size of a Home Loan is about Rs. 11.50 lakhs and for the LAP segment, it stands at about Rs. 8.00 lakhs.

- **Business process / operations /system and IT**

The target segments are mostly self-employed people in tier II and tier III cities who are not served by the mainstream financial system. Direct branch interaction with customers takes place through on roll direct sales team. Majority of customer acquisition is made through dedicated in-house sales team who interact with prospective borrowers and stay close to the market where transactions happened. Credit appraisal process involves meeting with customers, understanding cash flows, independent RCU verifications etc. The company is highly focussed on a timely collection process. MAHOFIN uses one of the widely used end-to-end lending management applications to automate and assist business growth. As a part of digitization, the Company has introduced the “Mobile-Customer Acquisition System” (mCas) for faster processing of loan applications and “Mobile Collect” (M-Collect) for speeding up collection process.

- **Funding /capitalisation**

The company has an arrangement with banks and financial institutions both in the Public and private sectors to augment growth of the company. The company is in the process of sourcing funds from diversified sources. The company is well capitalised with the strong support given by its parent company. Capital adequacy ratio is around 40%, as against regulatory requirement of 12%.

VII. Material Development in Human Resources/Industrial Relations Front, including number of people employed

The company has around 419 highly dedicated and motivated staff who have been contributing relentlessly to the development of the organisations. Adequate training on Sales, Collections, KYC & AML, IT Security, Policy & Credit Processing etc is provided to staff to enhance their knowledge and capabilities.

Annexure-III

SECRETARIAL AUDIT REPORT

**(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
For the Financial Year ended 31st March, 2018**

To,

The Members
Manappuram Home Finance Limited
IV/470A(Old) W638A (new),
Manappuram House, Valappad,
Thrissur, Kerala – 680 567

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Manappuram Home Finance Limited** (hereinafter called “the Company”). Secretarial Audit was conducted for the financial year ended on 31st March, 2018 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes, and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under
- (ii) The National Housing Bank Act, 1987.
- (iii) The Housing Finance Companies (NHB) Directions, 2010.

We have also examined compliance with the applicable clauses of Secretarial Standards under Section 118 of the Companies Act, 2013

Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- c) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive

Directors, Non-Executive Directors. The Company is not required to appoint Independent Directors since it is a wholly owned subsidiary of Manappuram Finance Limited. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exist a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period covered under the Audit, the Company has not made any specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines.

Date: 07th May, 2018

Place: Coimbatore

For KSR & Co Company Secretaries LLP

Sd/-

C.V.Madhusudhanan
Partner
(FCS: 5367; CP: 4408)

Deloitte Haskins & Sells LLP

Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A - G
CTS No.185/A, Jay Coach
Off Western Express Highway
Goregaon (East)
Mumbai - 400 063
Maharashtra, India

Tel: +91 22 6245 1000
Fax: +91 22 6245 1001

REF: SB/2018-19/15

INDEPENDENT AUDITORS' CERTIFICATE

We have examined the audited books of accounts as at and for the year ended March 31, 2018 and other relevant records and documents maintained by MANAPPURAM HOME FINANCE LIMITED (Erstwhile: MANAPPURAM HOME FINANCE PRIVATE LIMITED) (the "Company") in respect of the capital funds, risk assets/exposures and risk asset ratio etc. as at March 31, 2018 and the certificate of the Managing Director of the Company, (the "Statement") which have been initialled by us for the purpose of identification. On the basis of sample based checking, inquiries made by us and based on the representations given to us and read with the Annexure 1, we certify the statement of paragraph 7 of the Statement is correct. We further report that, to the best of our knowledge and according to the information and explanations given to us and as shown by the records examined by us, the figures shown in Parts A, B, C, D, E, F, G, H, I, J and K of the statement read with the notes attached thereto are correct.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W- 100018)



Shrenik Baid
Partner
(Membership No -103884)

Mumbai, June 18, 2018

Deloitte Haskins & Sells LLP

Annexure I

This certificate is issued in accordance with the terms of our engagement letter reference no: SB/2017-18/75 dated August 22, 2017.

Management's Responsibility for the Compliance

The Management of the Company is responsible for compliance of all the regulations and maintenance of proper books of account and such other records as per National Housing Bank's Master Circular – The Housing Finance Companies (NHB) Directions, 2010, as amended from time to time. The preparation of the accompanying half yearly return dated May 11, 2018 which includes Parts A, B, C, D, E, F, G, H, I, J and K read with the notes ("Half Yearly Return") as mentioned above is also the responsibility of the Management of the Company. This includes collecting, collating and validating data and the design, implementation and maintenance of internal controls suitable for ensuring that the data is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

We have examined the audited the books of account as at and for the year ended March 31, 2018 and other relevant records and documents maintained by the Company in the normal course of its business for the purpose of providing reasonable assurance on the particulars mentioned in the Half Yearly Return.

Our responsibility for the purpose of this certificate, is to provide reasonable assurance on paragraph 7 of the Statement based on the work carried out by us and the information, explanations and representations given to us by the Company's management. This certificate is based on our examination of Half Yearly Return and other relevant records and information considered necessary for the purposes of issuing this certificate and the information and explanations given to us by the Company.

We conducted our verification in accordance with the Guidance Note on Audit Reports or Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India (the "ICAI"). The guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.



Deloitte Haskins & Sells LLP

Restriction on Use

This certificate is issued at the request of the Company for submission to NHB in relation to submission of Half Yearly Return as on March 31, 2018. This certificate is intended solely for the information and use of the NHB and is not intended to be and should not be distributed to or used by anyone other than the NHB. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W- 100018)



Shrenik Baid
Partner
(Membership No.103884)

Mumbai, June 18, 2018

Deloitte Haskins & Sells LLP

Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A - G
CTS No.185/A, Jay Coach
Off Western Express Highway
Goregaon (East)
Mumbai - 400 063
Maharashtra, India

Tel: +91 22 6245 1000
Fax: +91 22 6245 1001

REF: SB/2018-19/13

AUDITORS' REPORT

We have examined the audited books of accounts as at and for the year ended March 31, 2018 and other records maintained by **MANAPPURAM HOME FINANCE LIMITED** (the "Company") in respect of the data furnished in the enclosed annual return for the year ended March 31, 2018 which has been signed by us for the purpose of identification and report that to the best of our knowledge and according to the information, explanations and representations given to us and the records examined by us, the data furnished in this return read with the notes thereof and Annexure I to this report is correct.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Shrenik Baid
Partner
(Membership No. 103884)

MUMBAI, June 18, 2018

Deloitte Haskins & Sells LLP

Annexure 1

Note to Statutory Auditors' Report on Annual return

1. This certificate is issued in accordance with the terms of our engagement letter reference SB/2017-18/75 dated August 22, 2017.

Management's Responsibility

2. The preparation of the Annual return furnishing the information specified in Schedule I of the Master Circular – The Housing Finance Companies (NHB) Directions, 2010 as amended (the "Directions") as at and for the year ended March 31, 2018 (the "Statement") is the responsibility of the Management of the Company. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation and presentation of the statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Management of the Company is also responsible (i) for maintenance of such records as prescribed under the Directions and (ii) the compliance with the Directions.

Auditors' Responsibility

4. We have examined the audited books of account as at and for the year ended March 31, 2018, loan disbursement report and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the particulars mentioned in the Statement.
5. We conducted our verification in accordance with the Guidance Note on Audit Reports or Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India (the "ICAI"), which include the concepts of materiality and test checks. The guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

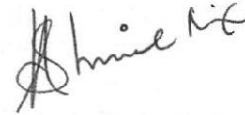


Deloitte Haskins & Sells LLP

Restriction on Use

7. This report has been issued at the request of the Company for submission to the National Housing Bank and is not to be used for any other purpose or to be distributed to any other parties. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Shrenik Baid
(Partner)
(Membership No. 103884)

Mumbai, June 18, 2018

Deloitte Haskins & Sells LLP

Chartered Accountants
Lotus Corporate Park
1st Floor, Wing A - G
CTS No.185/A, Jay Coach
Off Western Express Highway
Goregaon (East)
Mumbai - 400 063
Maharashtra, India

Tel: +91 22 6245 1000
Fax: +91 22 6245 1001

SB/2018-19/14

To,
The Board of Directors
Manappuram Home Finance Limited
(erstwhile Manappuram Home Finance Private Limited)

Second Floor, Unit No. 202,
B Wing, 'Business Square', 151,
Andheri - Kurla Road,
Andheri East,
Mumbai - 400093

Independent Auditors' Report

1. This report is issued in accordance with the terms of our engagement letter having reference number SB/2017-18/75 dated August 22, 2017.
2. We have been engaged by Manappuram Home Finance Limited (the "Company") to verify and report on the matters specified in paragraphs 3 and 4 of the Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016 as amended (the "NHB Directions") for the year ended March 31, 2018 for submission to the National Housing Bank (the "NHB").

Management's Responsibility

3. The management of the Company is responsible for ensuring compliance with the NHB Directions. This includes collecting, collating and validating data and the design, implementation and maintenance of internal controls suitable for such compliance.
4. The management of the Company is also responsible for maintenance of proper books of account and such other records as prescribed.

Auditors' Responsibility

5. We have examined the audited books of account as at and for the year ended March 31, 2018 and other relevant records and documents maintained by the Company for the purpose of certifying the matters specified in the NHB Directions.
6. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (ICAI) and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this report. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.



Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India.
(LLP Identification No. AAB-8737)

Deloitte Haskins & Sells LLP

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. On the basis of our examination of such audited books of account and other relevant records and documents and to the best of our information and explanations and representations given to us by the management of the Company, we are of the opinion that the following matters specified in the NHB Directions made by the Company below, are in agreement with the aforesaid audited books of account and other relevant records and documents maintained by the Company :

- (1) the Company has obtained a Certificate of Registration (COR) from the NHB as required under section 29A of the NHB Act, 1987 with Registration No. 08.0158.17 dated August 22, 2017. The Company with its erstwhile name Manappuram Home Finance Private Limited has obtained a Certificate of Registration (COR) from the NHB as required under section 29A of the NHB Act, 1987 with Registration No. 09.0116.14 dated September 11, 2014.
- (2) the Company has met the required Net Owned Fund (NOF) requirement as prescribed under Section 29A of the NHB Act, 1987;
- (3) the Company has complied with the provisions of Section 29C of the NHB Act, 1987, relating to transfer of amounts to the Statutory Reserve;
- (4) the Company is not accepting/holding public deposit and the board of directors has passed the resolution for non-acceptance of any public deposits in its meeting held on May 12, 2012;
- (5) the Company has not accepted any public deposits during the financial year 2017- 2018;
- (6) the total borrowings of the Company are within the limits prescribed under paragraph 3(2) of the NHB Directions;
- (7) the Company has generally complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Housing Finance Companies (NHB) Directions, 2010;
- (8) the capital adequacy ratio as disclosed in the Schedule II return submitted to the National Housing Bank in terms of the NHB Directions has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein;
- (9) the Company has furnished to the NHB within the stipulated period the Schedule II return as specified in the NHB Directions;
- (10) the Company has furnished to the NHB within the stipulated period the Schedule III return on Statutory Liquid Assets as specified in the NHB Directions.



Deloitte Haskins & Sells LLP

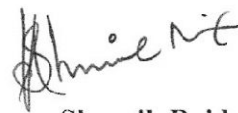
(11) the Company has complied with the provisions of the NHB Directions with regard to opening of new branches /offices or in the case of closure of existing branches/offices.

(12) the Company has complied with the provisions contained in paragraph 38 and 38A of the NHB Directions.

Restriction on Use

9. This report is addressed to and provided to the Board of Directors of the Company solely for the purpose of submission to the NHB and should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)



Shrenik Baid
Partner
(Membership No. 103884)

MUMBAI, June 18, 2018

Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Balance Sheet as at March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

			As at March 31, 2018	As at March 31, 2017
Equity and liabilities				
Shareholders' funds				
Share capital	3		1,000,000,000	1,000,000,000
Reserves and surplus	4		(74,157,757)	(66,104,331)
			925,842,243	933,895,669
Non-current liabilities				
Long-term borrowings	5		2,189,565,279	2,059,046,953
Long-term provisions	6		15,173,204	14,773,406
Other long-term liabilities	7		321,523	321,523
			2,205,060,006	2,074,141,882
Current liabilities				
Trade payables	7			
• Total outstanding dues of micro enterprises and small enterprises			-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises			8,092,831	4,882,242
Short-term borrowings	8		149,562,229	-
Other current liabilities	7		555,237,661	250,825,885
Short-term provisions	6		955,289	1,464,670
			713,848,010	257,172,797
TOTAL			3,844,750,259	3,265,210,348
Assets				
Non-current assets				
Fixed assets				
Property, Plant and Equipment	9A		13,771,094	14,256,956
Capital work in progress			-	4,923,540
Intangible assets	9B		7,409,165	426,953
Loans and advances	10		3,609,133,899	3,013,022,031
Other non-current assets	11		10,113,446	5,120,896
			3,640,427,604	3,037,750,376
Current assets				
Cash and bank balances	12		37,022,880	96,911,357
Loans and advances	10		556,287	831,195
Other current assets	11		166,743,488	129,717,420
			204,322,655	227,459,972
Total			3,844,750,259	3,265,210,348

See accompanying notes forming part of the financial statement

2.1

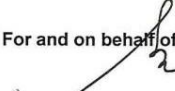
As per our report of even date

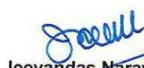
Deloitte Haskins & Sells LLP
Chartered Accountants


Shrenik Baid
Partner

Place: Valapad
Date : May 16, 2018

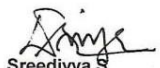
For and on behalf of the board of directors


V.P. Nandakumar
Chairman
[DIN: 00044512]


Jeevandas Narayan
Managing Director
[DIN: 07656546]


Subhash Samant
CEO


Vipul Patel
CFO


Sreedivya S
Company Secretary

Place: Valapad
Date : May 16, 2018



Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Statement of profit and loss for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	13	530,464,884	356,415,004
Other Income		4,808,942	11,949,942
Total revenue		535,273,826	368,364,946
Expenses			
Employee benefits expense	14	179,282,805	153,509,871
Finance cost	15	228,780,282	135,590,142
Other expenses	16	129,577,590	79,471,466
Depreciation and amortisation expense	9A	8,431,345	6,820,474
Total expenses		546,072,022	375,391,953
Loss before tax		(10,798,196)	(7,027,007)
Tax expenses			
Current tax		3,109,289	3,675,070
MAT credit entitlement		(3,109,289)	-
Tax pertains to earlier year		(2,744,770)	-
Total tax expense		(2,744,770)	3,675,070
Loss for the year		(8,053,426)	(10,702,077)
Earnings per equity share [Nominal value of share Rs. 10]	17		
Basic		(0.08)	(0.11)
Diluted		(0.08)	(0.11)
See accompanying notes forming part of the financial statement	2.1		

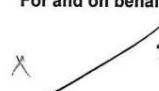
As per our report of even date

Deloitte Haskins & Sells LLP
Chartered Accountants


Shrenik Baid
Partner

Place: Valapad
Date : May 16, 2018

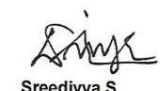
For and on behalf of the board of directors


V.P. Nandakumar
Chairman


Jeevandas Narayan
Managing Director


Subhash Samant
CEO


Vipul Patel
CFO


Sreedivya S
Company Secretary

Place: Valapad
Date : May 16, 2018



Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Cash flow Statement for the year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities		
Net loss before taxation	(10,798,196)	(7,027,007)
Depreciation and amortization	8,431,345	6,820,474
Provision for standard assets	2,054,822	7,072,005
Provision for non-performing assets	23,992,485	6,910,038
Bad debts written off	2,473,320	-
Provision for gratuity	914,000	-
Operating loss before working capital changes	27,067,776	13,775,510
Movements in working capital :		
Increase/ (decrease) in trade payable	3,210,589	438,639
Increase / (decrease) in short term borrowings	149,562,229	(31,208)
Increase/ (decrease) in other current liabilities and provisions	13,139,783	798,021
Increase / (decrease) in provisions	2,686,365	2,067,000
Decrease / (increase) in loans and advances	(622,302,765)	(1,820,649,896)
Decrease / (increase) in other current assets	(42,018,618)	(34,490,257)
Cash generated from / (used in) operations	(468,654,641)	(1,838,092,191)
Direct taxes paid (net of refunds)	(3,020,000)	(2,508,112)
Net cash flow from/ (used in) operating activities (A)	(471,674,641)	(1,840,600,303)
B. Cash flows from investing activities		
Purchase of fixed assets, including CWIP	(10,004,155)	(12,585,078)
Proceed from sale of fixed assets	-	919,989
Sale of investment in mutual funds	-	190,000,000
Net cash flow from/ (used in) investing activities (B)	(10,004,155)	178,334,911
C. Cash flows from financing activities		
Proceeds from issuance of equity share capital	-	-
Proceeds from long term borrowings	1,190,000,000	1,742,499,333
Repayment of long term borrowings	(768,209,681)	(140,000,000)
Net cash flow from/ (used in) in financing activities (C)	421,790,319	1,602,499,333
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(59,888,477)	(59,766,059)
Cash and cash equivalents at the beginning of the year	96,911,357	156,677,416
Cash and cash equivalents at the end of the year	37,022,880	96,911,357
Components of cash and cash equivalents		
Cash on hand	911,519	1,210,566
With banks		
- in current account	8,388,774	35,305,138
- in CC account	27,722,587	60,395,653
Total cash and cash equivalents (note 12)	37,022,880	96,911,357

As per our report of even date

Deloitte Haskins & Sells LLP
Chartered Accountants

Shrenik Baid
Partner

Place: Valapad-
Date : May 16, 2018

For and on behalf of the board of directors

V.P.Nandakumar
Chairman

Subhash Samant
CEO

Vipul Patel
CFO

Jeevandas Narayan
Managing Director

Sreedivya S
Company Secretary

Place: Valapad
Date : May 16 , 2018



Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 3
SHARE CAPITAL

Authorised

100,000,000 Equity Shares (Previous year 100,000,000 Equity Shares) of Rs. 10/- each

As at March 31, 2018	As at March 31, 2017
1,000,000,000	1,000,000,000

Issued, subscribed and paid-up

100,000,000 Equity Shares (Previous year 100,000,000 Equity Shares) of Rs. 10/- each

1,000,000,000	1,000,000,000
---------------	---------------

Total issued, subscribed and fully paid-up share capital

1,000,000,000	1,000,000,000
----------------------	----------------------

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	March 31, 2018		March 31, 2017	
	No. of share	Amount	No. of share	Amount
At the beginning of the Year	100,000,000	1,000,000,000	100,000,000	1,000,000,000
Issued during the Year	-	-	-	-
Outstanding at the end of the period	100,000,000	1,000,000,000	100,000,000	1,000,000,000

b. Terms/rights attached to equity shares

Equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing Annual general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

	March 31, 2018		March 31, 2017	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Equity shares of Rs. 10 each fully paid Manappuram Finance Limited (Holding company) and its nominees	100,000,000	100%	100,000,000	100%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

NOTE: 4

RESERVES AND SURPLUS

Special Reserve

Pursuant to Section 29-C of the National Housing Bank Act, 1987 (Refer Note 19)
Closing Balance

As at March 31, 2018	As at March 31, 2017
910,640	910,640
910,640	910,640

Deficit in the statement of profit and loss

As per last Balance Sheet
Loss for the year

(67,014,971)	(56,312,894)
(8,053,426)	(10,702,077)
(75,068,397)	(67,014,971)
(75,068,397)	(67,014,971)

Deficit in the statement of profit and loss

Total reserve and surplus

(74,157,757)	(66,104,331)
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Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
 (All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 5
Borrowings

Term loans

Indian rupee loan from banks (secured)

The above amount includes

Secured borrowings

Net Amount

Non-current portion	
As at March 31, 2018	As at March 31, 2017
2,189,565,279	2,059,046,953
2,189,565,279	2,059,046,953
2,189,565,279	2,059,046,953
2,189,565,279	2,059,046,953

A) Indian rupee loan from banks (secured)
As at March, 2018

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Portion
More than 5 years	8.80% - 9.65%	337,891,417	-
Due within 2-5 years	8.80% - 9.65%	1,313,907,193	-
Due within 1-2 years	8.80% - 9.65%	537,766,669	-
Due within 1 year	8.80% - 9.65%	-	534,724,373
Total		2,189,565,279	534,724,373

These are secured by an exclusive charge by way of pari passu first charge on housing loans receivables of the Company which are regular as per NHB Guideline.

As at March 31, 2017

Terms of repayment

Tenure (from the date of Balance Sheet)	Rate of Interest	Non current portion	Current Portion
More than 5 years	9.3% - 11%	465,713,620	-
Due within 2-5 years	9.3% - 11%	1,195,000,000	-
Due within 1-2 years	9.3% - 11%	398,333,333	-
Due within 1 year	9.3% - 11%	-	243,452,380
Total		2,059,046,953	243,452,380

These are secured by an exclusive charge by way of pari passu first charge on housing loans/ Non housing loan receivables of the Company which are regular as per NHB Guideline.



Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 6

Provisions

	Long term		Short term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for income tax (Net of advances tax Rs 30,20,000)	-	-	89,289	471,670
Provision for standard assets (Note 21)	14,271,204	12,216,383	-	-
Provision for employee benefits				
Provision for gratuity (Note 22)	902,000	2,557,023	12,000	12,000
Provision for leave entitlement	-	-	854,000	981,000
Total Provisions	15,173,204	14,773,406	955,289	1,464,670

All registered housing finance companies are required to carry provision of 0.25%, 0.75% and 1.00% of the total outstanding amount of loans which are standard assets in respect of housing and other loans, commercial real estate residential loans and commercial real estate other loans respectively vide circular no. NHB(ND)/DRS/Pol.no.45/2011-12 issued dated January 19, 2012, NHB circular no. HFC.DIR9/CMD/2013 dated September 06, 2013 and Notification No.NHB.HFC.DIR.18/MD&CEO/2017. Further, all registered housing finance companies are required to carry a provision of 2.00 % of the total outstanding loans which are standard assets in respect of housing loans at special rate i.e limited period fixed rate loan vide circular no NHB(ND)/DRS/Pol.no.47/2010-11 issued dated December 24, 2010. The Company carried a provision of Rs1,45,10,377/- (March 31, 2017 Rs. 1,22,16,383/-) towards standard loans @ 0.40% on conservative basis.

NOTE: 7

Other Liabilities

Trade payables

Fund In Transit

Provision For Expenses

Provision for rent straight-lining

Current maturities of long-term borrowings (Refer Note 5)

Payable for Employees

Statutory dues payables

Accrued Interest on Borrowing

Other current liabilities

	Non-current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	-	-	942,031	-
	-	-	7,150,800	4,882,242
	-	-	8,092,831	4,882,242
	321,523	321,523	-	-
	-	-	534,724,373	243,452,380
	-	-	-	700,746
	-	-	4,628,540	3,696,098
	-	-	1,534,406	-
	-	-	14,350,342	2,976,661
	321,523	321,523	555,237,661	250,825,885

NOTE: 8

Short term Borrowings

Cash credit from banks (secured)

As at March 31, 2018	As at March 31, 2017
149,562,229	-
149,562,229	-

Cash credit from banks is secured against receivables due for not more than 12 months. The cash credit is repayable on demand and carries interest @ 9.00% to 9.35%.



NOTE: 9A

Property Plant & Equipment

	Computer equipment	Vehicle	Office equipment	Furniture and Fittings	Total
Cost					
At 1 April 2016	6,718,138	-	1,736,417	6,958,421	15,412,976
Additions	3,007,141	-	1,678,017	3,045,971	7,731,129
Deletions/adjustment	-	-	269,853	892,308	1,162,161
At 31 March 2017	9,725,279	-	3,144,581	9,112,084	21,981,944
COST					
At 1 April 2017	9,725,279	-	3,144,581	9,112,084	21,981,944
Additions	2,487,896	2,746,117	669,174	657,337	6,560,524
Deletions/adjustment	49,067	-	47,279	(49,000)	47,346
At 31st Mar 2018	12,164,108	2,746,117	3,766,476	9,818,421	28,495,122
Accumulated Depreciation					
At 1 April 2016	1,642,321	-	260,923	732,883	2,636,127
Charge for the year	2,730,994	-	915,345	1,684,694	5,331,033
Disposals/adjustment	-	-	153,701	88,471	242,172
At 31 March 2017	4,373,315	-	1,022,567	2,329,106	7,724,988
Accumulated Depreciation					
At 1 April 2017	4,373,315	-	1,022,567	2,329,106	7,724,988
Charge for the year	3,529,503	343,077	1,176,610	1,997,196	7,046,386
Disposals/adjustment	47,346	-	4,900	(4,900)	47,346
At 31 Mar 2018	7,855,472	343,077	2,194,277	4,331,202	14,724,028
Net Block at 31 March 2018	4,308,636	2,403,040	1,572,199	5,487,219	13,771,094
Net Block at 31 March 2017	5,351,964	-	2,122,014	6,782,978	14,256,956

Figures in italics represent previous year



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Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 9B
Intangible assets

	Software
Cost	
At 1 April 2016	2,200,500
Additions	83,650
Deletions/adjustment	-
At 31 March 2017	2,284,150
Cost	
At 1 April 2017	2,284,150
Additions	8,367,172
Deletions/adjustment	2,200,500
At 31st Mar 2018	8,450,822
Accumulated Depreciation	
At 1 April 2016	367,756
Charge for the year	1,489,441
Disposals/adjustment	-
At 31 March 2017	1,857,197
At 1 April 2017	
Charge for the year	1,857,197
Disposals/adjustment	1,384,960
At 31st March 2018	2,200,500
	1,041,657
Net Block at 31 March 2018	7,409,165
Net Block at 31 March 2017	426,953

Figures in italics represent previous year



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Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 10

Loans and advances

Loan & other credit facilities (Refer note 21)

Secured, considered good

Housing loans

Other loans

Secured, considered doubtful

Housing loans

Other loans

Less :Provision for non performing Assets (Note 23)

Deposits (Unsecured, considered good)

Other loans and advances

Unsecured considered good

GST credit

Security Deposit

Others

	Non Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Housing loans	2,430,314,336	2,181,085,623	-	-
Other loans	1,019,573,862	781,057,304	-	-
	3,449,888,198	2,962,142,927	-	-
Housing loans	159,228,125	44,877,468	-	-
Other loans	19,581,936	1,189,454	-	-
	178,810,061	46,066,922	-	-
Less :Provision for non performing Assets (Note 23)	30,902,524	6,910,038	-	-
	147,907,537	39,156,884	-	-
GST credit	-	-	146,533	420,139
Security Deposit	11,338,164	11,722,220	-	-
Others	-	-	409,754	411,056
	3,609,133,899	3,013,022,031	556,287	831,195

NOTE: 11

Other assets

Current Maturities of Long Term Loans and Advances

Loan & other credit facilities (Refer note 21)

Secured, considered good

Housing loans

Other loans

Interest accrued

Accrued Interest on loan

Advance tax (Net of Provision for taxation Rs 9,30,305)

MAT credit entitlement

Prepaid Expenses

Others

	Non Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Housing loans	-	-	72,810,581	61,772,351
Other loans	-	-	45,102,382	30,158,450
	-	-	117,912,963	91,930,801
Accrued Interest on loan	-	-	43,455,606	33,207,868
Advance tax (Net of Provision for taxation Rs 9,30,305)	2,273,100	-	-	-
MAT credit entitlement	3,109,289	-	-	-
Prepaid Expenses	4,731,057	5,120,896	5,374,919	3,569,608
Others	-	-	-	1,009,143
	10,113,446	5,120,896	166,743,488	129,717,420

NOTE: 12

Cash and bank balances

Cash and cash equivalents

Cash on hand

Balances with banks:

On current accounts

On Cash credit accounts

	As at March 31, 2018	As at March 31, 2017
Cash on hand	911,519	1,210,566
On current accounts	8,388,774	35,305,138
On Cash credit accounts	27,722,587	60,395,653
	37,022,880	96,911,357



Manappuram Home Finance Limited

(Formerly known as Manappuram Home Finance Private Limited)

Notes to the Financial statements for the Year ended March 31, 2018

(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 13

Revenue from operations

Interest income on loans

Other

Application and processing fees

Other Income

Revenue from operation

Year ended March 31, 2018	Year ended March 31, 2017
478,375,108	313,367,655
478,375,108	313,367,655
37,098,118	36,896,545
14,991,658	6,150,804
52,089,776	43,047,349
530,464,884	356,415,004

NOTE: 14

Employee benefits expense

Salaries and wages

Staff welfare expenses

Contribution to provident and other funds

Gratuity expense

165,584,804	142,443,707
1,547,503	900,000
11,236,498	9,080,164
914,000	1,086,000
179,282,805	153,509,871

NOTE: 15

Finance Cost

Interest on bank borrowings

Other Borrowing Cost

227,113,127	134,790,142
1,667,155	800,000
228,780,282	135,590,142

NOTE: 16

Other expenses

Rent expense

Business processing expenses

Electricity expense

Travelling and conveyance

Bank and other charges

Insurance

Printing and stationary

Communication

Rates and taxes

Legal and professional fees

Auditor's remuneration (Refer Note 16.1)

Advertisement

Directors sitting fees

IT cost

Branch opening expenses

Repairs and maintenance

Business commission

Bad debts written off

Provision for standard assets

Provision for non performing assets

Miscellaneous expenses

20,801,196	18,314,194
16,915,099	13,040,814
1,797,584	1,127,763
7,123,240	3,859,824
2,362,041	1,077,250
305,748	411,735
5,342,419	4,138,655
2,440,393	2,470,705
6,185,464	5,457,259
8,574,063	3,807,114
1,425,000	1,322,296
10,000	175,353
1,800,000	1,960,000
22,280,201	3,267,433
-	189,041
453,248	215,711
1,691,030	2,302,333
2,473,320	-
2,054,822	7,072,005
23,992,485	6,910,038
1,550,237	2,351,943
129,577,590	79,471,466

Note 16.1

Payment to auditor

As auditor:

Statutory audit

Other services

Reimbursement of expenses

900,000	900,000
425,000	275,000
100,000	147,296
1,425,000	1,322,296

NOTE: 9A

Depreciation expense

Depreciation

Ammortization of intangible assets

7,046,385	5,331,033
1,384,960	1,489,441
8,431,345	6,820,474



Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 17

Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net profit/(loss) for calculation of basic EPS	(80,53,426)	(107,02,077)
Weighted average number of equity shares in calculating basic EPS (Nos.)	1000,00,000	1000,00,000
Basic EPS (Rs)	(0.08)	(0.11)
Diluted EPS (Rs)	(0.08)	(0.11)

Note: 18

Operating Lease

The Company entered into a non-cancellable operating lease arrangement for office premises with a lease term of 5 years. There are no restrictions placed upon the company by entering into these leases. Rent reserve has been created for the initial lock-in period of 3 years.

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
The future minimum lease rental payments to be made under non-cancellable leases are as follows:		
Lease payments recognised in the statement of profit and loss for the period		
Lease payments due:-		
Not later than one year	81,80,938	72,50,752
Later than one year but not greater than five years	12,40,313	78,54,981
	94,21,250	151,05,733

NOTE: 19

Related party disclosure

Relationship

Holding company

Fellow subsidiary

Key management personnel (KMP)

Names of related parties

Manappuram Finance Limited

Asirwad Microfinance Private Limited *

Manappuram Insurance brokers Private Limited*

Mr. V. P. Nandakumar (Chairman) *

Mr. Jeevandas Narayan (Managing Director with effect from June 1, 2017)

Mr. Subhash Samant (CEO with effect from June 12, 2017)

Mr. Aloke Ghosal (CEO till June 8, 2017)

Mr Vipul patel (CFO)

Mrs. Sreedivya (Company Secretary)

* No transactions during the year.

Particulars	Holding Company		KMP	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Rent, Electricity and telephone expenses				
Manappuram Finance Limited	8,54,309	15,25,722	-	-
Salary				
Mr. Jeevandas Narayan	-	-	83,33,400	-
Mr. Subhash Samant	-	-	96,14,317	-
Mrs. Sreedivya	-	-	15,95,037	14,79,060
Mr. Vipul patel	-	-	32,33,287	30,31,860
Mr. Aloke Ghosal	-	-	9,53,695	49,99,860
Transfer of Fixed assets				
Manappuram Finance Limited	-	9,19,989	-	-
Loan taken from				
Manappuram Finance Limited	2450,00,000	1400,00,000	-	-
Loan Repaid to				
Manappuram Finance Limited	2450,00,000	1400,00,000	-	-
Interest expense				
Manappuram Finance Limited	67,123	1,33,150	-	-
Amounts payable (net) to related parties				
Manappuram Finance Limited	-	2,638	-	-

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.



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Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

Note 20

In terms of requirement of NHB's Circular No. NHB (ND)/DRS/Pol.circular.61/2013-14 dated April 07, 2014 following information on Reserve Fund under Section 29C of the NHB Act is provided:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning of the year		
A) Statutory Reserve u/s 29C of the NHB Act	9,10,640	9,10,640
B) Amount of Special Reserve u/s 36 (1)(iii) of the Income Tax Act 1961 taken into account for the purpose of the Statutory Reserve u/s 29C of the NHB Act.	-	-
C) Total		
Balance at the end of the year		
A) Statutory Reserve u/s 29C of the NHB Act	9,10,640	9,10,640
B) Amount of Special Reserve u/s 36 (1)(iii) of the Income Tax Act 1961 taken into account for the purpose of the Statutory Reserve u/s 29C of the NHB Act.	-	-

NOTE: 21

This disclosure as per NHB circular no. NHB/ND/DRS/Pol-No. 35/2010-2011 dated October 11, 2010 is as under:

i) Capital to risk assets ratio (CRAR)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1) CRAR %	40.12%	46.62%
2) CRAR - Tier I capital %	39.50%	46.02%
3) CRAR - Tier II capital %	0.62%	0.60%

ii) Exposure to Real estate sector

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1) Direct Exposure		
a) Residential Mortgages		
(i) Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented.	37278,99,773	31001,40,650
(ii) Individual loans upto Rs 15 lakhs included in 1 a(i) above	25574,02,197	19222,15,493
b) Commercial Real Estate		
Lending fully secured by mortgage on commercial real estate (office buildings, retail space, multiple purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would not include non-fund based (NFB) limits.	-	-
c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
i) Residential	-	-
ii) Commercial Real Estate	-	-
2 Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

In commutating the above information, certain estimates, assumption and adjustment have been made by the management which has been relied by the auditors



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Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 23

Home and Non home loan classification and provision for non performing assets (As per NHB Prudential Norms)

Particulars	Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Secured Loans						
A) Home Loan						
Standard Asset	25031,24,917	22428,57,974	100,12,499	118,48,660	24931,12,418	22310,09,314
Sub Standard Asset	1194,43,003	448,77,468	179,16,450	67,31,620	1015,26,553	381,45,848
Doubtful Asset	397,85,122	-	99,46,281	-	298,38,841	-
Loss Asset	-	-	-	-	-	-
Total - A	26623,53,042	22877,35,442	378,75,230	185,80,280	26244,77,812	22691,55,162
B) Non Home Loan						
Standard Asset	10646,76,244	8112,15,754	42,58,705	3,67,723	10604,17,539	8108,48,031
Sub Standard Asset	185,56,910	11,89,454	27,83,537	1,78,418	157,73,373	10,11,036
Doubtful Asset	10,25,026	-	2,56,256	-	7,68,770	-
Loss Asset	-	-	-	-	-	-
Total - B	10842,58,180	8124,05,208	72,98,498	5,46,141	10769,59,682	8118,59,067
Total (A+B)	37466,11,222	31001,40,650	451,73,728	191,26,421	37014,37,494	30810,14,229



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Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

iii) Asset Liability Management

Maturity pattern of certain types of Items of Assets and Liabilities as at March 31, 2018

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Total
Borrowings from banks	8,212,338	49,088,964	76,108,923	133,588,161	267,725,987	1,066,632,201	785,041,661	337,891,417	-	2,724,289,651.92
Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Total
Advances (net)	12,404,942	8,567,726	8,743,906	26,913,467	56,978,343	275,911,971	376,009,109	461,402,011	812,058,331	1,707,621,416
										3,746,611,222

Maturity pattern of certain types of Items of Assets and Liabilities as at March 31, 2017

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Total
Borrowings from banks	-	-	-	29,166,667.00	214,285,714.00	732,876,984.00	796,666,667.00	482,361,111.00	47,142,190.00	2,302,499,333
Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Total
Advances (net)	12,378,196	6,946,259	7,029,656	21,573,306	45,426,190	216,033,329	291,111,250	354,945,412	660,117,061	1,484,580,091
										3,100,140,650

These disclosures are given only for certain items of assets and liabilities from the Balance sheet as required by the above circular and is not a complete depiction of the asset liability maturity position of the Company as at March 31, 2018 and March 31, 2017.



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Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

Note: 24

Derivatives:

There are no derivatives taken during the current and previous year.

Note: 25

Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:
The Company has not exceeded the Single borrower and group borrower limits

Note: 26

Provisions and Contingencies

Particulars	31-Mar-18	31-Mar-17
Break-up of Provision and contingencies in statement of profit and loss		
Provision towards NPA	239,92,485	69,10,038
Provision made towards current tax	31,09,289	36,75,070
Provision for Standard Assets	20,54,822	70,72,004

Note: 27

Draw down from Reserves

Details of draw down from reserves, if any, are provided in Note 4 to these financial statements.

Notes: 28

i) Concentration of Advances

Particulars	31-Mar-18	31-Mar-17
Total advances to twenty largest borrowers	831,03,230	629,66,205
Percentage of advances to twenty largest borrowers to total advances of the Company	2.22%	2.03%

ii) Concentration of Exposures

Particulars	31-Mar-18	31-Mar-17
Total exposure to twenty largest borrowers/customers	831,03,230	889,30,806
Percentage of exposures to twenty largest borrowers/customers to total exposure of the Company on borrowers/customers	2.04%	2.87%

iii) Concentration of NPA's

Particulars	31-Mar-18	31-Mar-17
Total exposure to top ten NPA accounts	364,62,664	273,34,762

iv) Sector-wise NPAs

Particulars	31-Mar-18	31-Mar-17
A) Housing Loans:		
1. Individuals	1592,28,125	448,77,468
2. Builders/Project Loan	-	-
3. Corporates	-	-
4. Others	-	-
B) Non-Housing Loans		
1. Individuals	195,81,936	11,89,454
2. Builders/Project Loan	-	-
3. Corporates	-	-
4. Others	-	-



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Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 31

Due to Micro, small and medium scale undertaking

There are no amount due to enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company as at March 31, 2018. Further the Company has not paid any interest to any scale undertaking Micro, Small and Medium Enterprises during the year.

NOTE: 32

Segment Information

The Company is engaged in the business of providing housing finance loans within India. There being only one business segment and geographical segment, the segment information is not provided.

NOTE: 33

Contingent Liability and Capital Commitments

There is no contingent liability and capital commitments outstanding as at March 31, 2018 (Previous Year NIL)

NOTE: 34

Previous year figures

Previous year figures have been regrouped / reclassified where necessary, to conform to this years's classification.

As per our report of even date

Deloitte Haskins & Sells LLP
Chartered Accountants

Shrenik Baid
Partner

Place: Valapad
Date : May 16, 2018

For and on behalf of the board of directors

V.P.Nandakumar
Chairman
DIN: 00044512

Subhash Samant
CEO

Place: Valapad
Date : May 16, 2018

Jeevandas Narayan
Managing Director
DIN: 07656546

Vipul Patel
CFO

Sreedivya S
Company Secretary



Manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to financial statements for the year ended March 31, 2018
 (All amounts are in Indian rupees, unless otherwise stated)

1. Corporate information

Manappuram Home Finance Limited ('the Company') was incorporated on October 7, 2010 under the provisions of the Companies Act, 1956. The Company is a Non-Deposit accepting Housing Finance Company registered with National Housing Bank (NHB) under the provisions of National Housing Bank Act 1987('NHB Act'). The Company is engaged in providing housing loans.

2. Basis of preparation

The financial statements have been prepared under the historical cost convention on an accrual basis to comply in all material aspects with applicable accounting principles in India including accounting standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India, the relevant provisions of the Companies Act, 2013 ("the Act"), the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions 2010 issued by National Housing Bank to the extent applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.1 Summary of significant accounting policies

a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

b) Revenue recognition

Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time. Interest on loan assets classified as "non-performing" is recognised only on realisation.

Fees, charges and other operating revenue is recognised after the service is rendered to the extent that it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured, regardless of when the payment is being made.

Interest income on fixed deposit is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend is accounted on an accrual basis when the right to receive the dividend is established by reporting date.

c) Property, Plant and Equipment

Property plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated Impairment losses, if any. The cost comprises purchase price.



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Manappuram Home Finance Limited
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Notes to financial statements for the year ended March 31, 2018
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borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

Any write down of fixed asset is recognised in the Statement of Profit and loss.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of 5 years.

The amortization period and the amortization method are reviewed at least at each financial year end.

e) Depreciation

Depreciation on Property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified component are depreciated separately over their useful lives the remaining component are depreciated over the life of principal assets. The Company has used the following rates to provide depreciation on its Property, plant and equipment.

Particulars	Useful life (years)
Computers	3
Furniture and fittings	
- Safe and strong rooms	10
- Others	3-5
Office equipment's	3
Motor Car	6

f) Impairment of fixed assets

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each Balance Sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the



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Manappuram Home Finance Limited
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Notes to financial statements for the year ended March 31, 2018
(All amounts are in Indian rupees, unless otherwise stated)

estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

g) Leases

Finance leases which effectively transfer to the company substantial all the risk and benefits incidental to the ownership of the leased items are capitalised at the inception of lease term at lower of the fair value of leased property and present value of minimum leased payments. Lease payment are apportioned between the finance charge and reduction of lease liabilities so as to receive constant rate of interest on the remaining balance of the liabilities. Finance charge are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased assets is depreciated on a straight line basis over the useful life of assets. However if no reasonable certainty that company will obtained ownership by end of lease term, the capitalized assets is depreciated on straight line basis over the shorter of estimated useful life of the assets or the lease term.

Lease where lessor effectively retain substantially all the risk and benefit of ownership of the lease Term are classified as operating leases. Operating lease payment in respect of non-cancellable lease are recognised as an expenses in the statement of profit and loss account on straight –Line basis over the lease term.

h) Borrowing Costs

Borrowing cost includes interest and amortisation of ancillary cost incurred in connection with the arrangement of borrowing.

Ancillary borrowing cost for sanction of long term borrowing are expensed over the tenure of loan.

i) Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

j) Retirement and other employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund etc.

Defined Contribution Plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average



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Manappuram Home Finance Limited
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period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of non-accumulating short-term compensated absences is accounted when the absences occur.

k) Income taxes

Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

'Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

'Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

l) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.

m) Provision and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle



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 (All amounts are in Indian rupees, unless otherwise stated)

the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

n) Provision for Non-Performing Assets and Contingencies

The Company's policy is to carry adequate amounts in the Provision for Non-Performing Assets Account and the Provision and Contingencies account to cover the amount outstanding in respect of all non-performing assets and standard assets respectively as also all other contingencies. All loans and other credit exposures where the instalments, interest are overdue for ninety days and more are classified as non-performing assets in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provisioning policy of the Company covers the minimum provisioning required as per the NHB Guidelines.

o) Standard Asset Provisioning

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Company's loan portfolios based on the NHB Directions. A higher standard asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the collective allowance for credit losses is the amount that is required to establish a balance in the Provision for Standard Assets Account that the Company's management considers adequate, after consideration of the prescribed minimum under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

q) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

r) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



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manappuram Home Finance Limited
(Formerly known as Manappuram Home Finance Private Limited)
Notes to the Financial statements for the Year ended March 31, 2018
(All amounts are in Indian Rupees, unless otherwise stated)

NOTE: 31

Due to Micro, small and medium scale undertaking

There are no amount due to enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company as at March 31, 2018. Further the Company has not paid any interest to any scale undertaking Micro, Small and Medium Enterprises during the year.

NOTE: 32

Segment Information

The Company is engaged in the business of providing housing finance loans within India. There being only one business segment and geographical segment, the segment information is not provided.

NOTE: 33

Contingent Liability and Capital Commitments

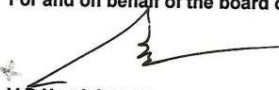
There is no contingent liability and capital commitments outstanding as at March 31, 2018 (Previous Year NIL)

NOTE: 34

Previous year figures

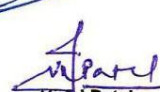
Previous year figures have been regrouped / reclassified where necessary, to conform to this years's classification.

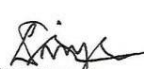
For and on behalf of the board of directors


V.P.Nandakumar
Chairman


Jeevandas Narayan
Managing Director


Subhash Samant
CEO


Vipul Patel
CFO


Sreedivya S
Company Secretary

Place:Valapad
Date : May 16 , 2018



Deloitte Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre,
Tower 3, 27th-32nd Floor,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India

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INDEPENDENT AUDITORS' REPORT

To The Members of Manappuram Home Finance Limited (Formerly known as Manappuram Home Finance Private Limited) Report on the Financial Statements

We have audited the accompanying financial statements of MANAPPURAM HOME FINANCE LIMITED (the "Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.



Regd. Office: T2, Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai - 400 018, India. (LLP Identification No. AAB-8737)

Deloitte Haskins & Sells LLP

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified



**Deloitte
Haskins & Sells LLP**

opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations as at 31st March, 2018 which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2018, for which there were any material foreseeable losses.
 - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No.117366W/W-100018)



Shrenik Baid

Partner

(Membership No. 103884)

Place: Valapad

Date : May 16, 2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of MANAPPURAM HOME FINANCE LIMITED ("the Company") as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policy, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting



Deloitte Haskins & Sells LLP

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Shrenik Baid
Partner
(Membership No. 103884)

Place: Valapad

Date : May 16, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirement under paragraph 3(i)(c) of the Order is not applicable. In respect of immovable properties of buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) To the best of our knowledge and according to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals.
- (vi) To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.



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- (vii) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Value Added Tax, Employees' State Insurance, Income-tax, Service Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. There were no amounts payable in respect of Sales Tax, Customs Duty, Work Contract Tax, and Excise Duty.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Value Added Tax, Employees' State Insurance, Income-tax, Service Tax,, Goods and Service Tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Service Tax, Goods and Service Tax and Value Added Tax as on March 31, 2018 on account of disputes.
- (viii) To the best of our knowledge and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loan from government and financial institutions. The Company has not issued any debentures.
- (ix) To the best of our knowledge and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer/ further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanation given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of



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related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) To the best of our knowledge and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No.117366W/W-100018)



Shrenik Baid

Partner

(Membership No. 103884)

Place: Valapad

Date : May 16, 2018



Registered Office

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CIN No : U65923KL2010PLC039179